

Senate Bill 1 – An Act to revise certain provisions regarding the collection and remittance of certain taxes by remote sellers and to declare an emergency.

History/Purpose:

In 2016, the South Dakota Legislature passed nationally important legislation with SB 106, deliberately written to challenge *Quill Corp v. North Dakota*, a U.S. Supreme Court decision which stated a business with no physical presence in a state could not be required to pay sales tax.

SB 106 was successful. On June 21, 2018, the U.S. Supreme Court ruled in favor of South Dakota.

Senate Bill 1 removes the injunction which prevents South Dakota from implementing the law requiring remote sellers to collect and pay sales tax.

What does SB 1 do?

1. Removes the injunction against all remote sellers, except the defendants in *South Dakota v. Wayfair*, and clarifies how the injunction applies to the defendants.
2. Eliminates the State's ability to sue remote sellers as it is no longer necessary.
3. Includes an emergency clause to be effective on the date of the Governor's signature.
4. Allows South Dakota to require remote sellers to collect and pay sales tax starting on November 1, 2018.

Why start November 1, 2018?

1. Gives enough time to effectively communicate to remote sellers and other stakeholders to ensure a smooth implementation.
2. Permits South Dakota to implement our remote seller law in 2018, with a short delay, as other states have done.
3. Provides for tax fairness between remote sellers and brick-and-mortar businesses.